

INITIATIVE 240

I, Ralph Munro, Secretary of State of the State of Washington and custodian of its seal, hereby certify that, according to the records on file in my office, the attached copy of Initiative Measure No. 240 to the Legislature is a true and correct copy as it was received by this office.

1 AN ACT Relating to property tax reform; amending RCW 84.52.043,
2 84.40.030, 84.52.050, 84.55.0101, 84.40.040, and 84.40.320; creating a
3 new section; and repealing RCW 84.41.010, 84.41.020, 84.41.030,
4 84.41.041, 84.41.050, 84.41.060, 84.41.070, 84.41.080, 84.41.090,
5 84.41.110, 84.41.120, 84.41.130, 84.52.065, and 84.52.067.

6 BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

7 NEW SECTION. **Sec. 1.** The intent of this act is to provide real
8 property tax relief for the first time in state history.

9 **Sec. 2.** RCW 84.52.043 and 1995 c 99 s 3 are each amended to read
10 as follows:

11 Within and subject to the limitations imposed by RCW 84.52.050 as
12 amended, the regular ad valorem tax levies upon real and personal
13 property by the taxing districts hereafter named shall be as follows:

14 (1) Levies of the senior taxing districts shall be as follows: (a)
15 (~~The levy by the state shall not exceed three dollars and sixty cents~~
16 ~~per thousand dollars of assessed value adjusted to the state equalized~~
17 ~~value in accordance with the indicated ratio fixed by the state~~
18 ~~department of revenue to be used exclusively for the support of the~~

~~common schools; (b))~~ The levy by any county shall not exceed one dollar and eighty cents per thousand dollars of assessed value; ~~((e))~~ (b) the levy by any road district shall not exceed two dollars and twenty-five cents per thousand dollars of assessed value; and ~~((d))~~ (c) the levy by any city or town shall not exceed three dollars and thirty-seven and one-half cents per thousand dollars of assessed value. However any county is hereby authorized to increase its levy from one dollar and eighty cents to a rate not to exceed two dollars and forty-seven and one-half cents per thousand dollars of assessed value for general county purposes if the total levies for both the county and any road district within the county do not exceed four dollars and five cents per thousand dollars of assessed value, and no other taxing district has its levy reduced as a result of the increased county levy.

(2) The aggregate levies of junior taxing districts and senior taxing districts ~~((, other than the state,))~~ shall not exceed five dollars and ninety cents per thousand dollars of assessed valuation. The term "junior taxing districts" includes all taxing districts other than the ~~((state,))~~ counties, road districts, cities, towns, port districts, and public utility districts. The limitations provided in this subsection shall not apply to: (a) Levies at the rates provided by existing law by or for any port or public utility district; (b) excess property tax levies authorized in Article VII, section 2 of the state Constitution; (c) levies for acquiring conservation futures as authorized under RCW 84.34.230; (d) levies for emergency medical care or emergency medical services imposed under RCW 84.52.069; (e) levies to finance affordable housing for very low-income housing imposed under RCW 84.52.105; and (f) the portions of levies by metropolitan park districts that are protected under RCW 84.52.120.

Sec. 3. RCW 84.40.030 and 1998 c 320 s 9 are each amended to read as follows:

All personal property shall be valued at one hundred percent of its true and fair value in money and assessed on the same basis unless specifically provided otherwise by law.

All real property shall be appraised at ~~((one hundred))~~ fifty percent of its true and fair value in money and assessed as provided in RCW 84.40.0305 unless specifically provided otherwise by law.

1 Taxable leasehold estates shall be valued at such price as they
2 would bring at a fair, voluntary sale for cash without any deductions
3 for any indebtedness owed including rentals to be paid.

4 The true and fair value of real property for taxation purposes
5 (including property upon which there is a coal or other mine, or stone
6 or other quarry) shall be based upon the ((following criteria:

7 ~~(1) Any sales of the property being appraised or similar properties~~
8 ~~with respect to sales made within the past five years. The appraisal~~
9 ~~shall be consistent with the comprehensive land use plan, development~~
10 ~~regulations under chapter 36.70A RCW, zoning, and any other~~
11 ~~governmental policies or practices in effect at the time of appraisal~~
12 ~~that affect the use of property, as well as physical and environmental~~
13 ~~influences. An assessment may not be determined by a method that~~
14 ~~assumes a land usage not permitted, for that property being appraised,~~
15 ~~under existing zoning or land use planning ordinances or statutes. The~~
16 ~~appraisal shall also take into account: (a) In the use of sales by~~
17 ~~real estate contract as similar sales, the extent, if any, to which the~~
18 ~~stated selling price has been increased by reason of the down payment,~~
19 ~~interest rate, or other financing terms; and (b) the extent to which~~
20 ~~the sale of a similar property actually represents the general~~
21 ~~effective market demand for property of such type, in the geographical~~
22 ~~area in which such property is located. Sales involving deed releases~~
23 ~~or similar seller-developer financing arrangements shall not be used as~~
24 ~~sales of similar property.~~

25 ~~(2) In addition to sales as defined in subsection (1) of this~~
26 ~~section, consideration may be given to cost, cost less depreciation,~~
27 ~~reconstruction cost less depreciation, or capitalization of income that~~
28 ~~would be derived from prudent use of the property. In the case of~~
29 ~~property of a complex nature, or being used under terms of a franchise~~
30 ~~from a public agency, or operating as a public utility, or property not~~
31 ~~having a record of sale within five years and not having a significant~~
32 ~~number of sales of similar property in the general area, the provisions~~
33 ~~of this subsection shall be the dominant factors in valuation. When~~
34 ~~provisions of this subsection are relied upon for establishing values~~
35 ~~the property owner shall be advised upon request of the factors used in~~
36 ~~arriving at such value.~~

37 ~~(3) In valuing any tract or parcel of real property, the true and~~
38 ~~fair value of the land, exclusive of structures thereon shall be~~
39 ~~determined; also the true and fair value of structures thereon, but the~~

~~appraised valuation shall not exceed the true and fair value of the total property as it exists. In valuing agricultural land, growing crops shall be excluded))~~ purchase price of the real property.

Sec. 4. RCW 84.52.050 and 1973 1st ex.s. c 194 s 1 are each amended to read as follows:

Except as hereinafter provided, the aggregate of all tax levies upon real and personal property by ~~((the state and))~~ all taxing districts, now existing or hereafter created, shall not in any year exceed one percentum of the true and fair value of such property in money: PROVIDED, HOWEVER, That nothing herein shall prevent levies at the rates now provided by law by or for any port or public utility district. The term "taxing district" for the purposes of this section shall mean any political subdivision, municipal corporation, district, or other governmental agency authorized by law to levy, or have levied for it, ad valorem taxes on property, other than a port or public utility district. Such aggregate limitation or any specific limitation imposed by law in conformity therewith may be exceeded only as authorized by law and in conformity with the provisions of Article VII, section 2(a), (b), or (c) of the Constitution of the state of Washington.

Nothing herein contained shall prohibit the legislature from allocating or reallocating the authority to levy taxes between the taxing districts of the state and its political subdivisions in a manner which complies with the aggregate tax limitation set forth in this section.

Sec. 5. RCW 84.55.0101 and 1997 c 3 s 204 are each amended to read as follows:

Upon a finding of substantial need, the legislative authority of a taxing district ~~((other than the state))~~ may provide for the use of a limit factor under this chapter of one hundred six percent or less. In districts with legislative authorities of four members or less, two-thirds of the members must approve an ordinance or resolution under this section. In districts with more than four members, a majority plus one vote must approve an ordinance or resolution under this section. The new limit factor shall be effective for taxes collected in the following year only.

1 **Sec. 6.** RCW 84.40.040 and 1997 c 3 s 106 are each amended to read
2 as follows:

3 The assessor shall begin the preliminary work for each assessment
4 not later than the first day of December of each year in all counties
5 in the state. The assessor shall also complete the duties of listing
6 and placing valuations on all property by May 31st of each year, except
7 that the listing and valuation of construction and mobile homes under
8 RCW 36.21.080 and 36.21.090 shall be completed by August 31st of each
9 year, and in the following manner, to wit:

10 The assessor shall actually determine as nearly as practicable the
11 true and fair value of each tract or lot of land listed for taxation
12 and of each improvement located thereon and shall enter as the
13 appraised value ((~~one-hundred~~)) fifty percent of the true and fair
14 value of such land and of the total true and fair value of such
15 improvements, together with the total of such ((~~one-hundred~~)) fifty
16 percent valuations, opposite each description of property on the
17 assessment list and tax roll.

18 The assessor shall determine the assessed value, under RCW
19 84.40.0305, for each tract or lot of land listed for taxation,
20 including improvements located thereon, and shall also enter this value
21 opposite each description of property on the assessment list and tax
22 roll.

23 The assessor shall make an alphabetical list of the names of all
24 persons in the county liable to assessment of personal property, and
25 require each person to make a correct list and statement of such
26 property according to the standard form prescribed by the department of
27 revenue, which statement and list shall include, if required by the
28 form, the year of acquisition and total original cost of personal
29 property in each category of the prescribed form, and shall be signed
30 and verified under penalty of perjury by the person listing the
31 property: PROVIDED, That the assessor may list and value improvements
32 on publicly owned land in the same manner as real property is listed
33 and valued, including conformance with the revaluation program required
34 under chapter 84.41 RCW. Such list and statement shall be filed on or
35 before the last day of April. The assessor shall on or before the 1st
36 day of January of each year mail a notice to all such persons at their
37 last known address that such statement and list is required, such
38 notice to be accompanied by the form on which the statement or list is
39 to be made: PROVIDED, That the notice mailed by the assessor to each

1 taxpayer each year shall, if practicable, include the statement and
2 list of personal property of the taxpayer for the preceding year. Upon
3 receipt of such statement and list the assessor shall thereupon
4 determine the true and fair value of the property included in such
5 statement and enter one hundred percent of the same on the assessment
6 roll opposite the name of the party assessed; and in making such entry
7 in the assessment list, the assessor shall give the name and post
8 office address of the party listing the property, and if the party
9 resides in a city the assessor shall give the street and number or
10 other brief description of the party's residence or place of business.
11 The assessor may, after giving written notice of the action to the
12 person to be assessed, add to the assessment list any taxable property
13 which should be included in such list.

14 **Sec. 7.** RCW 84.40.320 and 1988 c 222 s 18 are each amended to read
15 as follows:

16 The assessor shall add up and note the amount of each column in the
17 detail and assessment lists in such manner as prescribed or approved by
18 the state department of revenue, as will provide a convenient and
19 permanent record of assessment. The assessor shall also make, under
20 proper headings, a certification of the assessment rolls and on the
21 15th day of July shall file the same with the clerk of the county board
22 of equalization for the purpose of equalization by the said board.
23 Such certificate shall be verified by an affidavit, substantially in
24 the following form:

25 State of Washington, County, ss.

26 I,, Assessor, do solemnly swear that the
27 assessment rolls and this certificate contain a correct and full list
28 of all the real and personal property subject to taxation in this
29 county for the assessment year 19. . . , so far as I have been able to
30 ascertain the same; and that the assessed value set down in the proper
31 column, opposite the several kinds and descriptions of property, is in
32 each case, except as otherwise provided by law, fifty percent or one
33 hundred percent of the true and fair value of such property, to the
34 best of my knowledge and belief, and that the assessment rolls and this
35 certificate are correct, as I verily believe.

1 , Assessor.
2 Subscribed and sworn to before me this day of ,
3 19. . .
4 (L. S.) , Auditor of county.

5 PROVIDED, That the failure of the assessor to complete the certificate
6 shall in nowise invalidate the assessment. After the same has been
7 duly equalized by the county board of equalization, the same shall be
8 delivered to the county assessor.

9 NEW SECTION. **Sec. 8.** The following acts or parts of acts are each
10 repealed:

11 (1) RCW 84.41.010 (Declaration of policy) and 1961 c 15 s
12 84.41.010;

13 (2) RCW 84.41.020 (Scope of chapter) and 1961 c 15 s 84.41.020;

14 (3) RCW 84.41.030 (Revaluation program to be on continuous basis--
15 Revaluation schedule--Effect of other proceedings on valuation) and
16 1996 c 254 s 7, 1982 1st ex.s. c 46 s 1, 1971 ex.s. c 288 s 6, & 1961
17 c 15 s 84.41.030;

18 (4) RCW 84.41.041 (Physical inspection and valuation of taxable
19 property required--Adjustments during intervals based on statistical
20 data) and 1997 c 3 s 108, 1987 c 319 s 4, 1982 1st ex.s. c 46 s 2, 1979
21 ex.s. c 214 s 9, & 1974 ex.s. c 131 s 2;

22 (5) RCW 84.41.050 (Budget, levy, to provide funds) and 1961 c 15 s
23 84.41.050;

24 (6) RCW 84.41.060 (Assistance by department of revenue at request
25 of assessor) and 1975 1st ex.s. c 278 s 197 & 1961 c 15 s 84.41.060;

26 (7) RCW 84.41.070 (Finding of unsatisfactory progress--Notice--Duty
27 of county legislative authority) and 1994 c 301 s 40, 1975 1st ex.s. c
28 278 s 198, & 1961 c 15 s 84.41.070;

29 (8) RCW 84.41.080 (Contracts for special assistance) and 1975 1st
30 ex.s. c 278 s 199 & 1961 c 15 s 84.41.080;

31 (9) RCW 84.41.090 (Department to establish statistical methods--
32 Publication of rules, regulations, and guides--Compliance required) and
33 1982 1st ex.s. c 46 s 3, 1975 1st ex.s. c 278 s 200, & 1961 c 15 s
34 84.41.090;

35 (10) RCW 84.41.110 (Appraisers to act in advisory capacity) and
36 1975 1st ex.s. c 278 s 201 & 1961 c 15 s 84.41.110;

1 (11) RCW 84.41.120 (Assessor to keep records--Orders of department
2 of revenue, compliance enjoined, remedies) and 1975 1st ex.s. c 278 s
3 202 & 1961 c 15 s 84.41.120;
4 (12) RCW 84.41.130 (Assessor's annual reports) and 1998 c 245 s
5 171, 1975 1st ex.s. c 278 s 203, & 1961 c 15 s 84.41.130;
6 (13) RCW 84.52.065 (State levy for support of common schools) and
7 1991 sp.s. c 31 s 16, 1979 ex.s. c 218 s 1, 1973 1st ex.s. c 195 s 106,
8 1971 ex.s. c 299 s 25, 1969 ex.s. c 216 s 2, & 1967 ex.s. c 133 s 1;
9 and
10 (14) RCW 84.52.067 (State levy for support of common schools--
11 Disposition of funds) and 1967 ex.s. c 133 s 2.

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